

complaint

Mr G complains that Txtloan Limited (trading as MYJAR) gave him unaffordable payday loans. He wants the balance outstanding waived and all entries removed from his credit file.

background

Mr G had five payday loans with MYJAR. He said they were unaffordable and he wanted MYJAR to waive the outstanding balance of £383.33 and remove record of the last loan from his credit file. MYJAR offered to settle the debt for £200.00 and to mark the credit file entry as "Satisfied".

Our adjudicator thought MYJAR's offer was reasonable. She thought that the loans it gave Mr G were affordable. They were small and the checks it had made on affordability were proportionate. MYJAR had also offered to set up a repayment plan for the £200.00.

Mr G replied that MYJAR should have noticed from his loan behaviour and his credit file that he was having financial difficulties with his fifth loan. He thought the balance owed should be waived and the default removed from his credit file.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr G said he had to take out new loans shortly after paying off the old loans. I can see that he borrowed £100.00 and then twice borrowed this again within a week of repayment. He was late repaying the third loan. Then three days later he borrowed £200.00 which he was again late repaying. Then another three days later he borrowed a further £200.00 which he hasn't repaid. With interest and charges, the outstanding amount owed is £383.33.

Mr G told us he had a gambling addiction and was using payday loans from MYJAR and other lenders to fund this. He said this led to a spiral of debt. He said that MYJAR should have realised when he applied for the fifth loan that it was unaffordable for him.

MYJAR said that when Mr G first applied for a loan, he told it his income was £2,000.00 net a month with £500.00 for his rent. The loans he applied were small and short-term. It was required to make proportionate checks on their affordability. There was no requirement to check his credit file. I think its initial affordability checks were reasonable.

I've looked to see if there were signs that Mr G was having trouble repaying his loans that MYJAR should have reasonably noticed. Mr G didn't roll over or top up his loans. Mr G told MYJAR that he was late repaying the third loan as he'd just returned from holiday. He said he was late paying the fourth loan as there were delays in him receiving a new bank card.

So Mr G repaid two loans early. He repaid two loans late but had good reasons for this. I think this showed a good track record of repayments. The loans were still relatively small. I can't see anything that would have alerted MYJAR that he was in financial difficulties before it gave him the fifth loan.

Mr G said his credit file and bank statements would show that he was in difficulties. But there was then no requirement for MYJAR to inspect these. I think it was for Mr G to give MYJAR accurate information about his finances.

So I think MYJAR's offer to settle for the original £200.00 Mr G borrowed on a repayment plan and record the loan as "Satisfied" is reasonable. I don't think it needs to waive the debt or remove its record from Mr G's credit file.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 8 September 2016.

Phillip Berechree
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